

The
Management
University
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES

BDS 300: INTERNATIONAL DEVELOPMENT

DATE: 4th DECEMBER 2017

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. DO NOT write on this question paper.
3. This paper contains SIX (6) questions.
4. Question ONE is compulsory.
5. Answer any other THREE questions.
6. Question ONE carries 25 MARKS and the rest carry 15 MARKS each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

- a) While middle-income countries have pursued regional trade agreements since the 1960s, these ties are becoming more important as the global economic crisis curtails demand from the United States and other major markets. With the Doha Round of multilateral trade talks stalled, regional trade agreements (RTAs) offer an alternative approach to increase trade, spur stronger economic growth, and lower unemployment rates in participating countries. Three regions—Eastern Europe, Latin America, and East Asia—have had vastly different experiences with regional trade and enjoyed varied levels of success. With the financial turmoil, each now has opportunities to increase trade with neighbors and work toward a broader free trade system.

The future economic growth of Eastern-European countries will depend largely on the European Union (EU), which received 80 percent of Eastern Europe's exported goods in 2008. To foster trade, the EU must implement policies that will gradually reduce fiscal deficits and help regain lost competitiveness. With solutions in place, regional trade can be a powerful engine for growth in the region. Latin American countries have a long but not very successful history of trying to integrate their economies and societies. Still, countries in the region are now in a relatively strong fiscal position following the financial crisis and have the opportunity to build on smaller trade agreements by ending burdensome administrative restrictions and tariffs and by coordinating investments in areas such as transportation, energy, and telecommunications. East Asia's outlook for regional trade is positive, given that its countries are quickly recovering from the economic crisis and enjoy a successful trading history. But with so many trade agreements signed both within the region and beyond, understanding the relevant rules for business and resolving disputes is difficult. All countries rightly regard regional trade as important for future economic growth, and Southeast Asia should significantly expand its trading bloc to include China,

Japan, and South Korea – and possibly incorporate Australia, India, and New Zealand.

These three regions provide valuable lessons to help all middle-income countries sustain growth in the post-crisis period. Firstly, Regional trade agreements reach their full potential when the political and ideological differences among participating countries are minimal. Secondly, Trade deals work best when member states coordinate monetary and fiscal policies. In fact, uncoordinated fiscal policies in the European Union framework are responsible for current financial turmoil in the region, with a negative impact on trade. Thirdly, Bottom-up approaches, in which companies develop supply chains across borders, are more effective in facilitating regional integration than are top-down approaches imposed by governments. Fourthly, agreements on trade and investment norms—including reducing transportation costs through coordinated efforts to improve the quality of infrastructure—can significantly boost intra-regional-trade. Lastly, Countries must achieve better balance between fiscal stimulus and financial solvency to reinvigorate regional trade agreements. The former increases public debt to levels that might threaten financial stability. Countries also must address concerns over consistency in exchange rates policies. The coexistence of fixed exchange rates with free floating rates, as in the euro zone, creates imbalances in trade. Ambitious goals for trade deals are easier to achieve when negotiations proceed among countries that embrace the benefits of globalization, meaning those that have been willing to unilaterally open to trade, or have actively supported multilateral trade liberalization. Pursuing stronger regional trade agreements can help form the building blocks for global free trade deals. Increasing trade will not only help middle-income economies develop but also drive growth around the world as the financial crisis recedes.

Required:

- i. In relation to the case study, highlight and explain five contributions of Regional Integration and Trade to international development
(5 marks)
- ii. Highlight five valuable lessons that will help all middle-income countries sustain growth in the post-crisis period
(5marks)
- iii. Giving relevant examples, discuss in detail any five challenges experienced by members of a trading bloc like European Union in achieving their stipulated goals
(10 marks)
- b) Giving examples, explain how international trade has influenced trading partner countries' policies.
(5marks)

QUESTION TWO

There are a number of theories about how desirable change in society is best achieved. Discuss the following theories of development

- a) Modernization theory
(5marks)
- b) Dependency theory
(5marks)
- c) World systems theory
(5marks)

QUESTION THREE

- a) Explain the term economic inequality as used in international development
(3 marks)
- b) Identify and explain any six factors that could impact economic inequality in the society
(12marks)

QUESTION FOUR

Identify and explain five ways in which political institutions affect economic development
(15marks)

QUESTION FIVE

- a) Gender and development has been seen as an important field in international development. Discuss Women and Development theoretical approach
(10marks)
- b) Highlight five global challenges that slow down social and economic development
(5marks)

QUESTION SIX

- a) Explain the term trade liberalization
(3marks)
- b) Identify and explain six reasons why countries practice some extent of protectionism
(12marks)

